

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION – DETROIT

FILED

2014 MAY -9 P 3:57

In the matter of:

CITY OF DETROIT, MICHIGAN

Debtor _____/

U.S. BANKRUPTCY
E.D. MICHIGAN-DETROIT

Case No. 13-53846-swr

Chapter 9

Hon. STEVEN W. RHODES

OBJECTION TO Fourth Amended Chapter 9 Plan for the Adjustment of Debts of the City of Detroit (May 5, 2014) Filed by Debtor In Possession City of Detroit, Michigan (RE: related document(s) 2708 Chapter 9 Plan). [**DOCKET 4392**]

FILED BY: Jean Vortkamp

Jean Vortkamp hereby states his/her/their OBJECTION TO:
CITY OF DETROIT'S PLAN OF ADJUSTMENT

for the following reasons.

1. I we am/are interested in the Bankruptcy of the City of Detroit because
see attached 6 pages. I am a city
resident
2. I/we object to the above filing because:
see attached 6 pages
3. I have/have not attached additional sheets to explain and establish my position.

I hereby certify that the statements made herein are true and correct under penalty of perjury and contempt of Court under the laws of the United States of America.

Wherefore I/we request the Court will deny the relief sought in said filing.

Name: Jean Vortkamp

Signature: [Signature]

Address: 11234 Craft
Detroit MI 48224

Email: jeanvortkamp@gmail.com

Dated: 5/9/2014

- On page 21 I object to the word “duly” in front of mayor. The mayor was not, in my opinion, properly elected as I expressed in my objection to the disclosure and shown in my disclosure objection exhibit A - the sampling of different ballots in the similar/near exact handwriting.
- I object to the lack of definition of “discount rate”. I reserve the right to object to anything in the plan using that term because there is no definition and it is used throughout the document.
- I object to having the pension funds turned to trusts.
- I object to the establishment of an Investment Committee.
- I object to section G. page 40, No Changes in Terms for Ten Years.
- I object to section H. page 40, State Contribution Agreement. It is abhorrent. Just this one paragraph would make the forefathers of this nation roll in their graves.
- I object to section D. Annuity Savings Fund Recoupment. I object to the claw back of annuities. If there really was a problem with the amount of interest given, that should have been taken care of at the time it happened. It is unjust to take back interest people were given in good faith. If you claw back this, to be just and equitable, there is a lot Detroit can claw back from banks – from swaps, predatory loans and more. Detroit should also then be clawing back any interest banks made off Detroit’s payments.
- Sections G and H and I are abhorrent. I object to the investment committee.
- I object to the formation of a VEBA.
- I object to any payment of claims to the DDA – Class 13 page 43.
- I object to Injunction page 41.
- Page 51 A 1. I object to the use of the word “may” in regards to keeping water rates down. That does not mean “will”.
- I object to (starting on page 52) all of section E. The State Agreement.
- Page 52 E 1. What is the net present value of \$350M? Why not just put the real amount there? I object to the vagueness. In the previous plan it was stated “The total aggregate State Contribution is equal to the net present value of \$350,000,000 payable over 20 years determined using a discount rate of 6.75%, which results in a total contribution by the State of \$199,600,000. The State Contribution shall only be used to fund payments to holders of GRS Pension Claims and PFRS Pension Claims, each as defined in the Plan.” (page 249) If the state is giving that amount, that is the amount that should be stated in the plan and in the press.
- Page 52 2. I object to the set up of voting on the income stabilization: 75% of the independent members is not representative of the retirees themselves. It is unclear who those independent members represent and why they should be over it.
- I object to Page 53 3. Conditions to the State’s participation. It is wildly outrageous to bargain away a constitutional right. How could Jones Day and the State even put this in a plan of adjustment? I object to the Investment Committee. Retirees have a right to elect the representatives that control THEIR money. This is not the government’s money. This needs to be democratic so if they do not agree with the investments, they can vote people out. How does stopping the involvement in lawsuits against PA 436 fit into the

bankruptcy code? The lack of democracy throughout this plan and its related documents is abhorrent.

- I object to the transfer of the DIA's assets. They belong to the people of Detroit and future generations.
- I object to page 58, post bankruptcy governance. These are not elected officials. This is the United States of America, this is a Chapter 9 bankruptcy that should not interfere with how we are governed. How, exactly, does this 20 year plan NOT interfere with democracy and the rules of Chapter 9? Detroit deserves democracy and nothing less.
- I object to page 76 2.4 No Guarantee.
- I object to page 81, 5.9 referring to Exhibit A and page 117 Exhibit A: Bank Compensation is blank. That page should definitely not be blank – it does not give me a fair chance to object to fees. Also, I object that there is no method of choosing the bank spelled out. Will it be bidden out?
- I object to page 82 6.6 that no participant should be able to compel the bank to do an accounting. This is the retirees and employees' money. They can ask for whatever they need to.
- I object to page 84 and page 107 and the selection of trustees for both plans. The mayor, of which we do not, in my opinion, have one that is duly elected, will choose 3, 2 will come from the unelected Retiree Committee and two will be appointed by DRCEA. First, there is a majority non- representative of retirees. The retirees did not choose the Retiree Committee. The ones from DRCEA will not be elected, but rather appointed. Again, no democratic system in place. I object that on page 86 this group of individuals will have control over the trust.
- 162. "'Income Stabilization Benefit" means a supplemental pension benefit in an amount necessary to ensure that (a) each Eligible Pensioner's total household income is equal to 130% of the Federal Poverty Level in 2013 or (b) the annual pension benefit payment payable to each Eligible Pensioner equals 100% of the annual pension benefit payment actually received by the Eligible Pensioner in 2013, whichever amount is lower." I think its great that this is in the plan because it points out that pensions should be higher and supports all my objections against cuts. I object to any cut of pension benefits. No seniors should live near or at the poverty line. They deserve respect.
- I object to the Investment Policy. I object to the State having leadership over the pension fund and their fund managers. The State's MERS fund is not well funded. That is like hiring a roofer with a leaky roof on his house to fix yours. This is the pensioners' livelihoods, not just some random investments with losses that could be written off. It is not in the best interest of Detroit going forward.
- I am also concerned that if the DWSD would be sold, what force would make them make these payments? Indeed if the private company or equity firm may choose to not pay ,or if the DIA funders would not pay, it would set up a domino effect onto the pensioners. I thought a bankruptcy plan was to adjust debts? I didn't think assets could be sold in chapter 9.
- I object to the pension plan because it does not say how the new trustees would be elected. If the assumption is (and there should be no room for assumptions in a bankruptcy plan) that they are not elected, but selected, I object to that. There is extraordinary value in being in a position of economic power that is elected – the fear of losing the position drives the person to do a good job. In the American Revolution, the

Americans believed the same thing, breaking away from a non-elected official (the King of England) to have an elected government that would represent their interests.

- I object to the structure of every single governance structure in this plan. NONE of them give retirees and citizens representation.
- I object to the loss of COLA. Who knows how inflation will be?
- I object to II. MODIFICATIONS TO THE CITY'S RETIREE HEALTH CARE PLAN FOR THE PERIOD MARCH 1, 2014 THROUGH DECEMBER 31, 2014. The city is charging retirees for their dental and vision and additionally an exorbitant administrative fee. Who is getting that fee?
- I object to "The Board of Trustees shall consist of five (5) voting members, all of whom shall be residents of the State of Michigan and none of whom may be an employee, contractor, agent or affiliate of the City or any labor union representing employees of the City, a member of any such labor union, or a Member or Beneficiary of the Retirement System." (PDF Page 251) and "8.3 Investment Manager Appointment. The Board, from time to time, shall appoint one or more independent investment managers selected from a list of approved investment managers maintained by the State of Michigan, pursuant to a written investment management agreement describing the powers and duties of the investment manager, to direct the investment and reinvestment of all or a portion of the Trust (hereinafter referred to as an "Investment Account"). The removal of an investment manager and appointment of a new investment manager shall require the advance written approval of the State of Michigan, except to the extent that a new investment manager shall be selected from the list of approved investment managers maintained by the State of Michigan." (PDF page 241 PFRS Trust Agreement). I object that it will not include members who are retirees. It is retirees' money and they really care about the returns of the members because they directly benefit. I object to this State of Michigan list of approved investment managers. How is it picked and why? The GRS and PFRS is already better funded than MERS so how are they in a position of expertise to make this list? What is the criteria for the list? Considering that this will give those managers quite a lot of money – fees are neither capped nor noted in the plan. Who is on that list? I would expect that to be an exhibit.
- I object to the assertion that in so many places throughout the document, it says the pensioners cannot sue once this is over.
- I object to the whole DIA and funding parties deal. The plan itself mentions over and over that it is not guaranteed.
- I object to the funding parties. Is this "grand bargain" within the guidelines of their IRS status? Are they receiving any benefit for their contribution? Are there conditions on their contributions, such as appear to be on page 129 and 132? "The parties acknowledge that Funder payments are conditioned on the City meeting certain conditions both initially and on a continuing basis. Failure of the City to meet those conditions in any material respect may result in the delay of a scheduled payment by the Funders to the Supporting Organization and a delay of a scheduled payment by the Supporting organization to the City until (i) all material requisite conditions for that payment are met; or (ii) cancellation of that payment if the material requisite conditions are not met within any established cure period."
- I object to page 123. "All Funders (including The DIA, both as to any DIA Deficiency and with respect to the Guaranty) shall have the right to rely upon the determination of

the Board of Directors of the Supporting Organization as to whether the conditions to a scheduled payment have been satisfied and, if not initially satisfied, whether they have been timely cured.” Why wouldn’t a court decide this? It seems like it could be quite unjust in certain circumstances.

- I object to page 130. How can the plan of adjustment extend to other museums and the right of the city to tax or not tax? Is that in the bankruptcy code?
- Page 134, how is the governance of the DIA in the bankruptcy? I object to this ad hoc governance committee. I believe it is already one of the best museums in the U.S., so it should be left alone and in the hands of the people of Detroit.
- I object to any and all bonds that are unimpaired. All should share the burden. I suggest an investigation into who owns the bulk of the unimpaired class bonds.
- I object to as discussed in “*DIA Commitment Regarding Funding*” below “Or (ii) cancellation of that payment if the material requisite conditions are not met within any established cure period.” P 128 The DIA acknowledges that the Foundation Funders and the Supporting Organization have no financial obligations other than, in the case of the Foundation Funders, the amount specified in the “*Funding Commitments*” of this Term Sheet and are not guaranteeing payment to the City of any amount committed by the DIA Funders or The DIA.” On page 130 “The City’s ability to receive the benefit of the extended cure period, beyond the initial cure period, shall be subject to the approval of the Supporting Organization upon receipt of a written request from the City setting forth why the City is entitled to such extended cure period by meeting the requirements set forth above, which approval shall not be unreasonably withheld, conditioned or delayed. All obligations of the Funders and Supporting Organization to make payments shall be suspended for the duration of the cure period. If the City fails to cure a breach or failure during the cure period each Funder and the Supporting Organization shall have the right to cancel its remaining commitments.” This could easily hurl all retirees into poverty. It would be a domino set up – if the funding parties decide to not pay, the retirees could be hurled into poverty. It is a high risk gamble that should not be taken with seniors’ livelihoods and hard earned money. It leaves Detroit in a worse position than before bankruptcy.
- I object to page 129 4. “In the event of a liquidation of The DIA, the Museum Assets will be transferred only to another not-for-profit entity (which entity shall be subject to the reasonable approval of the City and the Supporting Organization, if then in existence, and otherwise by majority vote of the City and the then-existing Foundation Funders)...” I object to this and all pertaining to the DIA because how are the funding parties representatives of the citizens of Detroit, to whom the art belongs? Were they elected by us? Were their boards in any way chosen by the people of Detroit? How could they be vested with the power to transfer the assets that belong to the people of Detroit? Page 128 I object to the independent DIA having the ability to sell assets that belong to the people of Detroit. Page 128, I object to the whole paragraph about if the AAM is not the pre-eminent museum association.
- I object to the following service providers if they were NOT bidden out properly, which I cannot tell from the submitted information in the plan: Heritage Vision Plan, Golden Dental, Aon Hewitt, Blue Cross, Susan Nelson from Boston and Flex-Plan Inc from Washington (state), being used for healthcare, Miller Canfield being used for bonds and any other specifically named entities I may have missed. If they were not bidden out

properly, how can the city be sure they are getting the best price and service. If they were not bidden out, how is this improving the financial future for Detroit?

- I object to “No Guarantee. Nothing contained in the Trust or the Plan shall constitute a guarantee that the assets of the Trust Fund will be sufficient to pay any benefit to any person or make any other payment.” The plan is no guarantee of benefits. Pensioners put their own money in for their whole work lives. It is unwise to put them into a scheme that is not guaranteed.
- I object to the caps on the active employee pension plans. I object to both plans as a whole. They are abhorrent. Particularly the risk shifting portions are wildly unfair to current employees and will diminish their personal wealth considerably.
- I object to page 254 – the letter from the retiree committee endorsing the plan. I think that is far from the bankruptcy code and misleading. The retiree committee is no elected body of the retirees.
- I object to page 255 regarding post-bankruptcy future legislation. How does that fit in bankruptcy code? That over-reaches the process itself.
- I object to page 260 Investment Committee. It should not exist. The composition and conditions put upon the committee are unjust to the retirees. I object to the make-up of the quorum – it is irregular and cannot be considered a quorum. I object that they would have control over the actuary choice.
- It says the pension funding will be restored once the pension funds get to a certain level in the future---of which PFRS already is and the GRS is. I object to the 6.75% rate.
- I object that this bankruptcy plan requires the waiving of exercising constitutional rights. Are then stating that the bankruptcy agreement, and bankruptcy court, if approving this plan, is above the constitution? I thought the courts were to enforce the constitution.
- I implore the court, Secretary Jack Lew and President Obama stop this bankruptcy and investigate every step of this process. This plan of adjustment and accompanying documents does not set Detroit up for brighter days. It sets Detroit up to fail. This is no opportunity Detroit – not for the impoverished children I work with, not for seniors, not for the legions of young adults with no jobs. This is an opportunity to demolish houses with Hardest Hit money to prep for developers to profit instead of using the money to help Detroiters keep their homes. It is the opportunity for a political agenda counter to the will of the people of Detroit that pushes privatization, not for the readjustment of debts for the city. This is an opportunity for the movement to privatize water and profit off a basic need, getting the water industry a foot in the door in a city vehemently opposed to water privatization, that has protected this asset that serves most of southeastern Michigan. This is an opportunity to spin off the Detroit Institute of Arts in some weird scheme that will most likely not benefit pensioners, Detroiters, artists or southeastern Michigan. This is an opportunity for the State to control the pension fund, its investments and its governance and transfer those to a group of people who have no investment in the PEOPLE who the fund is connected to.
- Indeed, this process makes me wonder if I and the rest of Detroiters, are Americans with the rights guaranteed under the US and Michigan constitutions. I know I was born in Detroit, Michigan, United States, but I don’t feel that this process has protected my rights, the rights of my family, friends and neighbors. It is time for the courts to reexamine the use of bankruptcy in a municipal context and in a democracy. It is undemocratic and in my opinion it seems to be being used to force a political agenda that

is contrary to the will of the people of the United States. I would be remiss to not note this. No other city should ever have to suffer this unjust process. It drains resources of already ailing cities, worries everyone so much it affects their health, and the end result is abysmal. A much better alternative would have been a forensic audit, an investigation of wrongdoing, clean elections, suing the banks for everything they have done to Detroit, and stronger regulations to be sure federal/state money intended for communities in Detroit actually gets to the Detroiters and the communities we live in. That path would have led to a healthy Detroit. A healthy Detroit would lead to a healthier United States. I would think that is what the court and executive branch of the government should want, but I don't see that in action. This plan and its related documents horrify me for the future of the children of Detroit and for the future of any other city that municipal bankruptcy will be used on.